Interim Results Presentation

30 September 2023 (H1 FY24)

ActiveOps®

Introductions

Richard Jeffery
CEO

Ken Smith
CFO

Emma Salthouse
Incoming CFO

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Agenda

01   Introduction to ActiveOps & overview of the period

02   Financial review

03   Strategy and opportunity

04   Outlook

ActiveOps®

A leading provider of Decision Intelligence for enterprise service operations

Blue chip customer base

80+ global, enterprise customers

+£90m addressable ARR opportunity within existing customers with current product offering

Compelling offering

Easy-to-implement offering

Provides immediate ROI to customers

Important in these times

Global reach

40+ countries in which our software is used

Strong SaaS metrics

£23.7m SaaS ARR
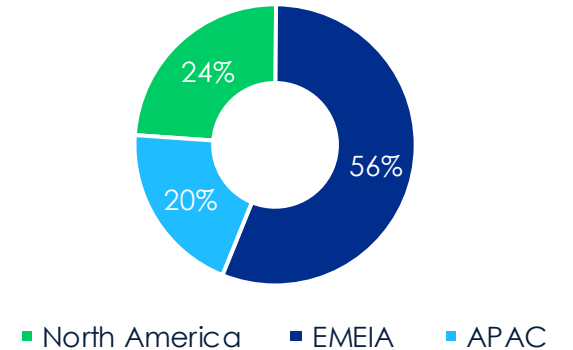
90% of total revenues are recurring

104% net revenue retention (111% at constant currency)
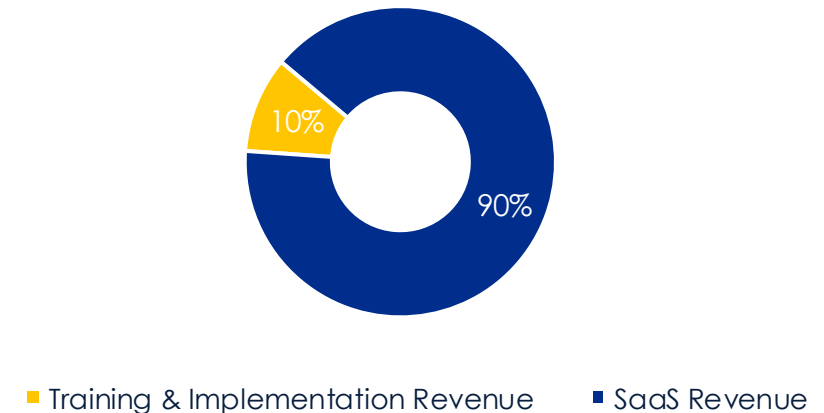
Highly cash-generative

£9.9m cash at bank

Seasonality of renewals results in strongly cash generative second half

Revenue by Region

- North America
- EMEIA
- APAC

56% / 24% / 20%

Revenue by Type

- Training & Implementation Revenue
- SaaS Revenue

90% / 10%

ActiveOps®

We help service operations teams do more

Our Decision Intelligence solutions enable customers to release capacity and boost productivity

Leading to **amazing results**

0%
Missed SLAs, within regulations

44%
Reduction in staff attrition

80%
Positive employee morale

20%
Decrease in cost per standard hour

80-85%
Utilization

30,000+
Hours in resource sharing

87 to 30 days
Reducing servicing time

82%
work in progress volume reduction

19%
Reduction in overtime

8.8 to 74.81
Improvement in NPS score over 4 years

239 FTE
Capacity release with $m's in savings

95%
Accuracy in weekly plans

35%
Reduction in complaints

30%
Reduction in agency staff

39%
Improvement in productivity

We are leveraged globally, across service operations in 40+ countries

- Financial Crime
- Accounts payable
- Billing & reconciliations
- Claims
- Personal / Retail banking
- Mortgages
- Business Banking
- Capital Markets
- Wealth Management
- Private Banking
- Investment Management
- General Insurance
- Shared Services
- Cards
- Branch networks
- Corporate & Commercial Banking
- and many more.

Nedbank Group is one of South Africa's four largest banks. The bank embarked on a transformative journey (Project Phoenix) to:

- Transition from being product-centric to customer-centric
- Reduce costs and drive growth
- Focus on employee experience
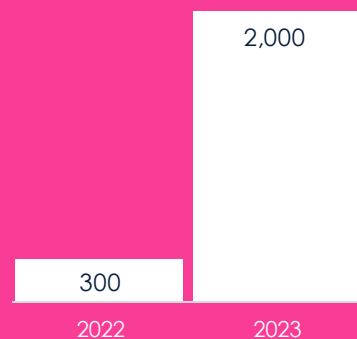
NEDBANK

ControliQ enterprise expansion

> "I can now sit next to my front-line colleagues and demonstrate the value we bring to the bank. I cannot imagine managing a large operation like this without ActiveOps."

Nozizwe Tshabuse

Managing Executive: Retail and Business Banking Operations at Nedbank

2,000

300

2022   2023

Expansion seats including Insurance, Retail & Business banking, Private Wealth & Collections

- 30% reduction in overtime
- NPS score from 8.8 to 74.8
- Customer turnaround times reduced for all key process
- Policy serving same day rather than 4 days
- 21% capacity release in 2023
- +15 % productivity improvement YOY

300%+

ARR Growth since start FY23

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H1 FY24: Robust financial performance – supported by expansions and extensions
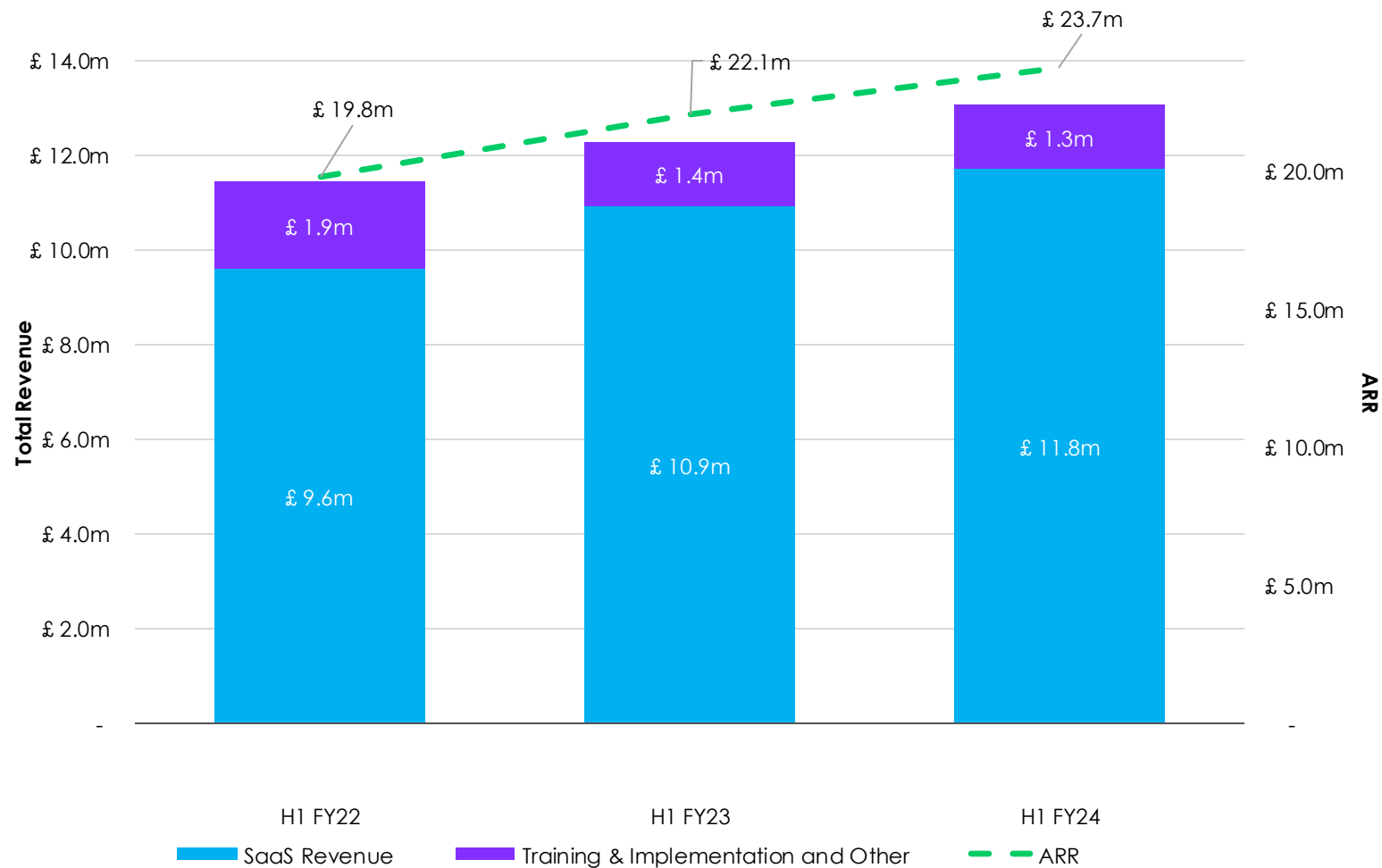
+8%

Increase in SaaS Revenues

(13% at constant currency)

+£0.5m

Increase in Adj. EBITDA

£0.1m

Profit before tax

£9.9m

Well capitalised with Cash at bank

Total Revenue

£14.0m
£12.0m
£10.0m
£8.0m
£6.0m
£4.0m
£2.0m
-

ARR

£20.0m
£15.0m
£10.0m
£5.0m
-

H1 FY22 — £19.8m — £1.9m / £9.6m
H1 FY23 — £22.1m — £1.4m / £10.9m
H1 FY24 — £23.7m — £1.3m / £11.8m

■ SaaS Revenue   ■ Training & Implementation and Other   - - - ARR

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Continued progress against strategic goals

Product Innovation

- Successful introduction of tiered licensing and pricing model for ControliQ

- Launched ControliQ Series 3, enhanced with AI based features

- Leading UK bank first customer to transition to combined ControliQ and CaseworkiQ platform

Partnerships, marketing & sales

- First major transaction via the Microsoft Marketplace

- Successful execution of new Group positioning, focused on provision of Decision Intelligence for Service Operations

- Seeing higher quality leads being generated thanks to work done by marketing team and a healthy pipeline

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Spread of products and geographies provides considerable resilience and expansion opportunity

North America

EMEIA

APAC
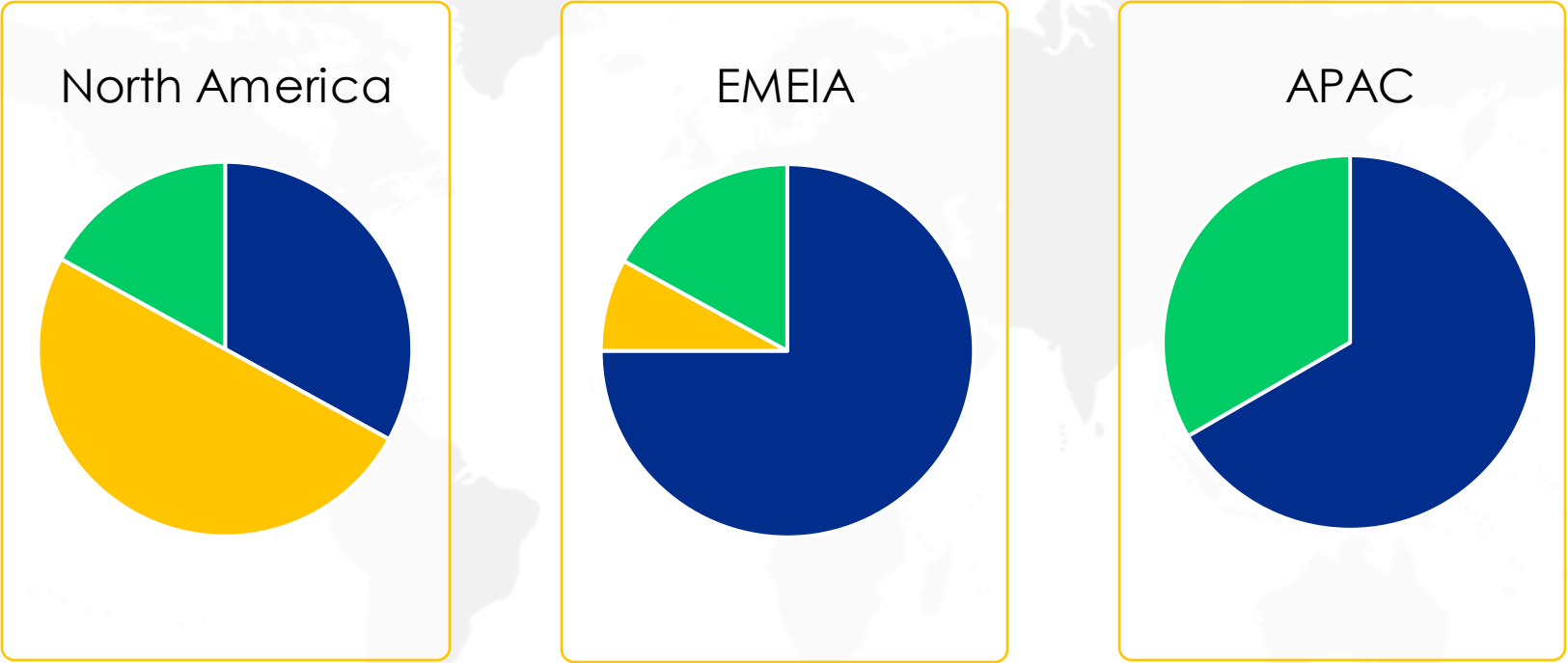
H1 New wins, expansions & trials

- ● ControliQ
- ● WorkiQ
- ● CaseworkiQ (including new trials)

Work**iQ**®
Employee intelligence

Our diagnostic insights highlight what is impacting performance, work and employee experience

Control**iQ**®
Cornerstone of high performing service ops teams

Prescriptive, AI-driven analytics that identifies latent capacity and utilisation, and prompts action to drive efficiency, effectiveness and control
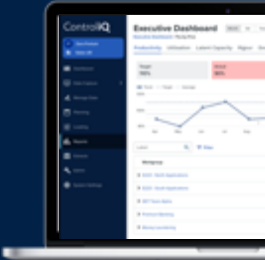
Casework**iQ**
Intelligence for case-driven teams

Predictive analytics to keep casework and SLAs on track, real-time view, real-time decisions

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Financial review

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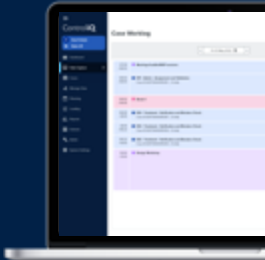
Strength of SaaS model

Annual Recurring Revenue
£23.7m +7% (constant currency 15%)

Net Revenue Retention
104% (FY22: 109%)
111% at constant currency

EBITDA growth
Consistently profitable across the half
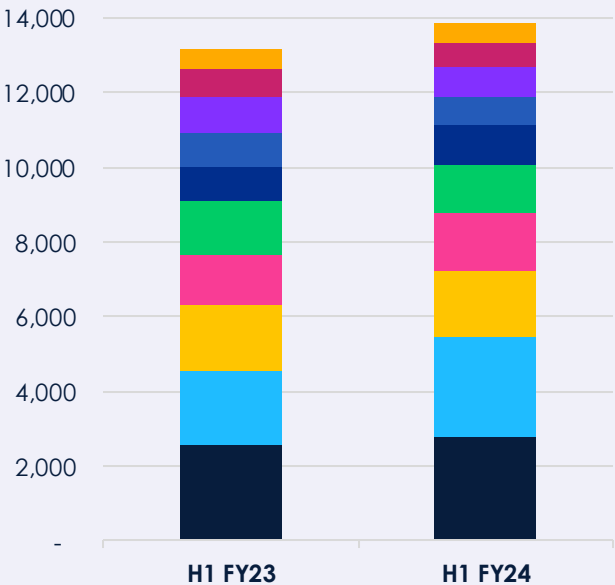
Profit before tax – positive
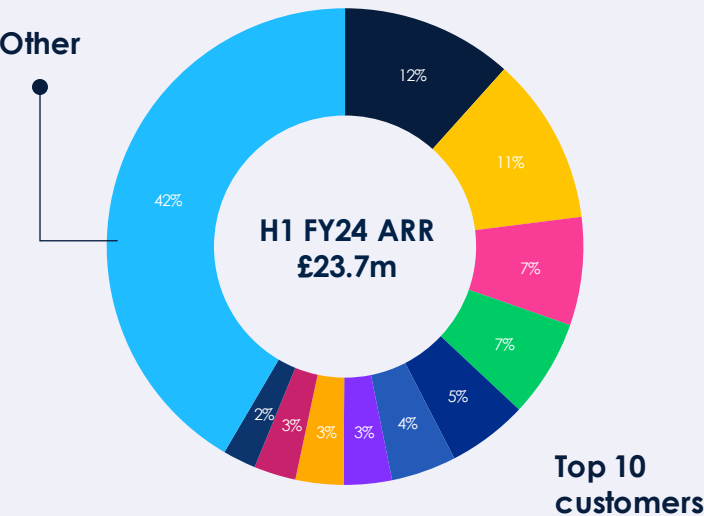Sustainable going forward

Strong cash position
Half year-end balance £9.9m
Increasing to £12m at end of October

Land and Expand success

Top 10 customers
have grown ARR by +11% in the last 12 months
at constant currency

FY24 SaaS ARR by customer

Other

H1 FY24 ARR £23.7m

42%
12%
11%
7%
7%
5%
4%
3%
3%
3%
2%

Top 10 customers

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Robust P&L performance

PERIOD ENDED:	H1 FY24	H1 FY23
SaaS Revenue	£11.8m	£10.9m
T&I Revenue	£1.3m	£1.4m
Group Revenue	**£13.1m**	**£12.3m**
Cost of Sales	(£2.1m)	(£2.3m)
Gross Profit	**£11.0m**	**£10.0m**
Gross Margin %	**84%**	**81%**
Operating Expenses	(£10.2m)	(£9.7m)
Adj EBITDA	**£0.8m**	**£0.3m**
EBITDA Margin %	**6%**	**3%**
Share Based Payments	(£0.2m)	(£0.4m)
Depreciation & Amortisation	(£0.5m)	(£0.5m)
Operating Profit/ (Loss)	**£0.1m**	**(£0.6m)**
Net Interest	£0.0m	(£0.0m)
Profit/ (Loss) Before Tax	**£0.1m**	**(£0.6m)**
Taxation	(£0.2m)	(£0.1m)
Loss After Tax	**(£0.1m)**	**(£0.7m)**
Translation reserve	£0.0m	£0.1m
Total Comprehensive Loss	**(£0.1m)**	**(£0.6m)**

Note: Adjusted EBITDA excludes exceptional costs, Share Option Charge, Depreciation & Amortisation and includes forex.

Strong growth in EBITDA
Positive EBITDA in every month

SaaS Revenue Growth +8% (constant currency 13%)

Training & Implementation
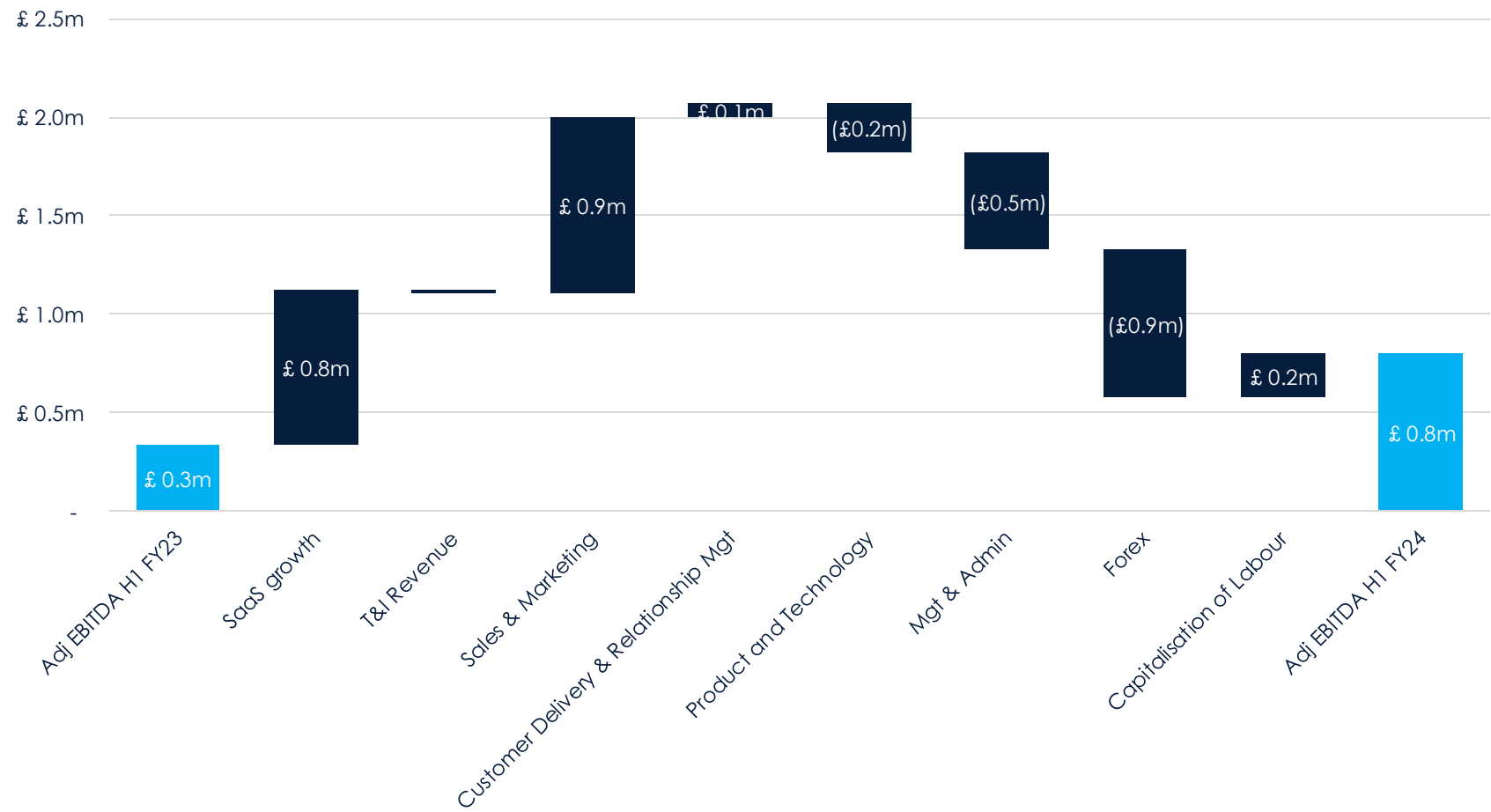Continues to be an important revenue stream

Gross Margin % +3.0pts
- Impact of product mix
- SaaS margin: 87% (FY23: 84%)
- T&I margin: 55% (FY23: 59%)

Opex: increase of 5%
- Decrease of 4% excluding FX gains and losses
- Large exchange gain in H1 FY23 (£0.9m)
- Capitalisation of labour - £0.5m (H1 FY23: £0.3m)

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EBITDA Bridge

Sales & Marketing
Reduction in cost as a result of right-sizing NA Sales & Marketing capacity

Marketing & Admin
Timing of provisions (annual leave accrual), increase in professional fees and system update.

Product & Technology
Continued investment in product roadmap

Chart values:
- Adj EBITDA H1 FY23: £ 0.3m
- SaaS growth: £ 0.8m
- T&I Revenue
- Sales & Marketing: £ 0.9m
- Customer Delivery & Relationship Mgt: £ 0.1m
- Product and Technology: (£0.2m)
- Mgt & Admin: (£0.5m)
- Forex: (£0.9m)
- Capitalisation of Labour: £ 0.2m
- Adj EBITDA H1 FY24: £ 0.8m

Y-axis: £ 2.5m, £ 2.0m, £ 1.5m, £ 1.0m, £ 0.5m, -
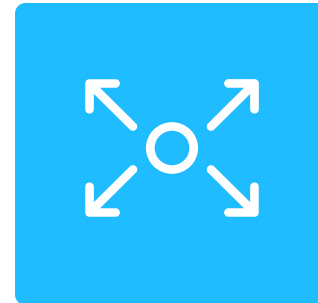
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A strong financial platform

Healthy
balance sheet

High levels of
recurring revenue

Strongly cash
generative

Multiple expansion
opportunities

Sustainably
profitable

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Strategy and opportunity

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Strategy and Opportunity

AI is driving disruption in service operations

What is Decision Intelligence?

Decision intelligence is the discipline of using AI and data science to improve business decision making, and it's enabling organizations to cut through this complexity

IDC
Analyze the Future

Decision intelligence provides a framework that brings multiple traditional and advanced techniques together to design, model, align, execute, monitor and tune decision models.

Gartner

The critical need for Decision Intelligence

- AI will automate more processes and reduce human teams

- Leaders don't have access to data and insight needed to make quick, accurate decisions

- Data will need to be smart, accurate and highly predictive

- **Data and deriving real-time intelligence will become the lifeblood**

We are perfectly placed

1 AI Apps to support key decisions in service operations

2 15+ years of operational data to learn from

3 State-of-the art technology platform

4 ActiveOps Method describes good practice

Why Decision Intelligence for ActiveOps?

- Aligns ActiveOps to a recognised and rapidly emerging market category

- Supports the strategic investments our customers are making in AI and data

- Highlights the broader value of our solutions

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Critical Questions Faced by Operations Leaders

Service Ops struggle to leverage data for decision making

🐢 Manual Data Drudgery

☠️ Death By Dashboards

Strategic

Will we meet our service commitments today, tomorrow and in the future?

Are we delivering the benefits of transformation?

Can I achieve my efficiency goals whilst sustaining and improving sacrificing customer experience?

Are we getting the balance between productivity and employee experience right?

Are we managing operational risk effectively?

How much resource do I need to complete the work that I have?

Which cases are consuming excessive effort and dragging down performance?

Where are there capacity and skills which are not being fully utilized?

How do I get a single view of data to give me transparency of capacity, performance and productivity?

Am I on track to meet my SLAs today, tomorrow and next week?

How do I know which cases are in danger of missing SLA in enough time to correct the situation?
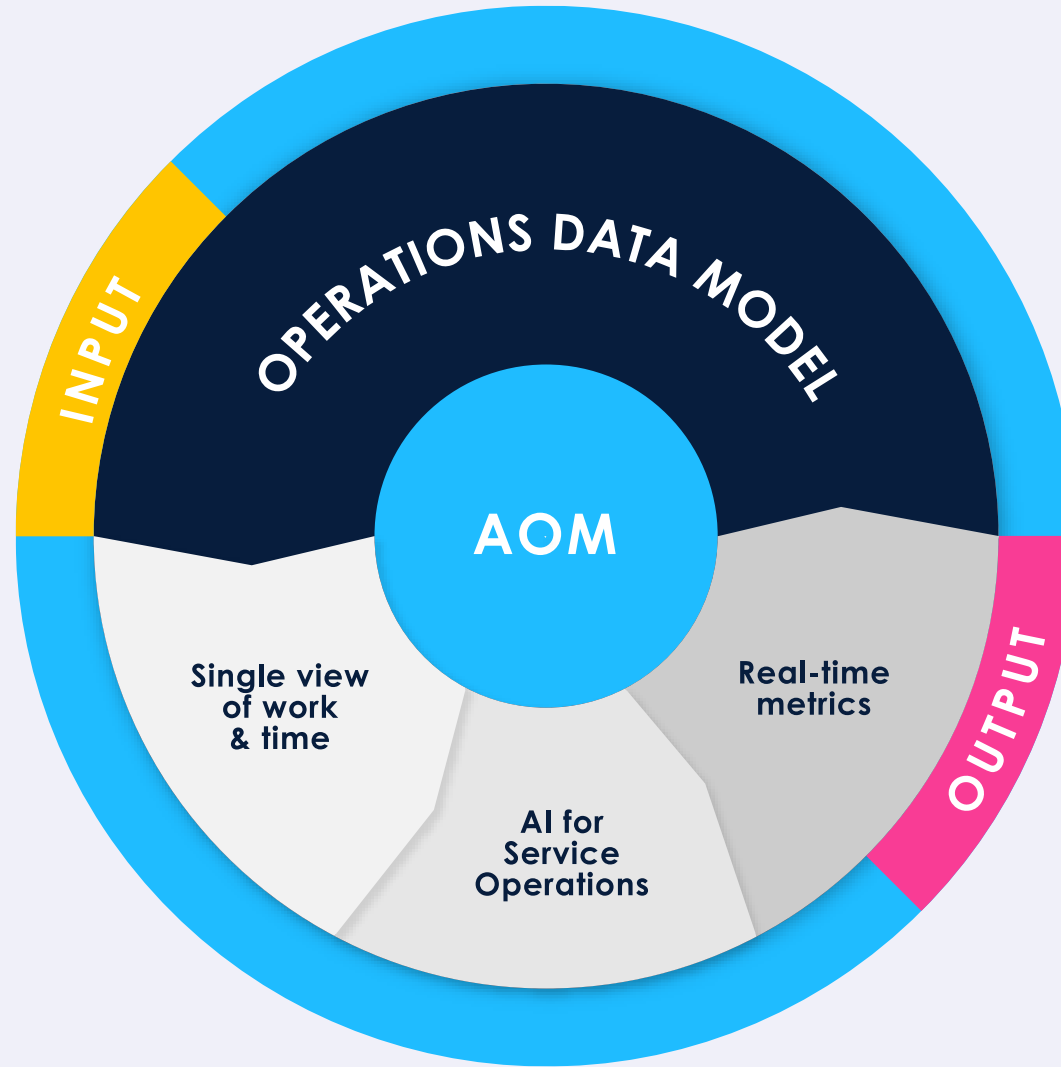
How do I keep my people engaged?

What action do I need to take to ensure my team has the skills we need now and in the future?

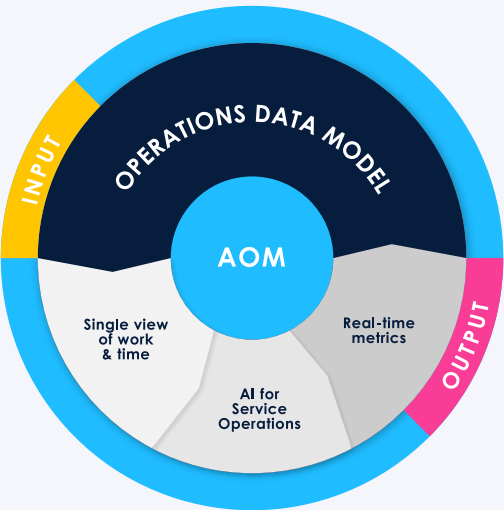## Tactical

Are my people at risk of burnout?

Are my people working away from the office working as effectively as those within it?

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Decision Intelligence

Critical Questions Faced by Operations Leaders

Diagnostic, predictive and prescriptive insight to help service ops teams answer critical questions

Strategic

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- Are we delivering the benefits of transformation?

- Can I achieve my efficiency goals whilst sustaining and improving sacrificing customer experience?

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- Are my people working away from the office working as effectively as those within it?

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Decision Intelligence for service operations

Using data to help operations be as good as they can be

We blend AI and human intelligence to deliver the most complete and useful set of predictive and prescriptive insight – in real-time - for service ops teams

Microsoft Partner
Microsoft

Henley
Business School

#1 Decision Intelligence solution for Service Operations

AI-apps built to solve key operational challenges

15+ years operational data to form backbone of AI

20+ years of operational delivery across 000's of teams and processes

AOM Methodology based upon systems thinking

#1
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**More Capacity
More Productivity
More Impact**

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Marketing Evidence & Progress Summary

- Roll-out of new Decision Intelligence messaging including new website
- 26% YOY growth in MQLs
- 40% increase in customer attendees across Capacity 23
- 100% growth in LinkedIn social engagement
- 14,254 downloads of Opstracker since edition one
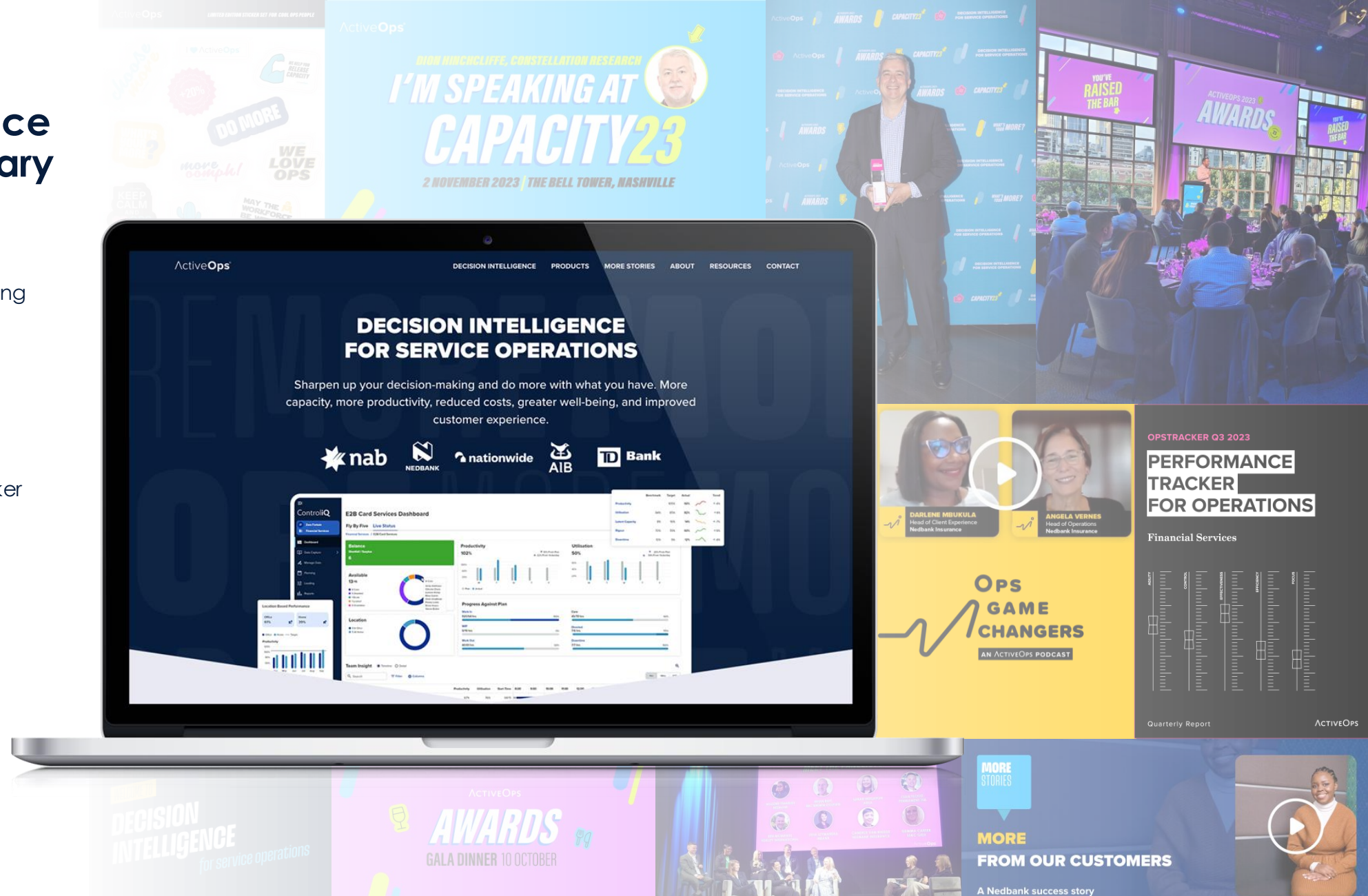
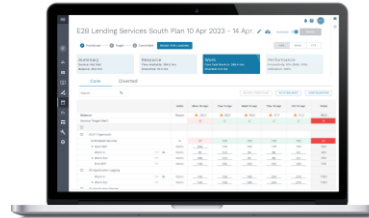# ControlIQ Series 3 Launched

Series 4 Coming soon

Allowing our customers to take advantage of the latest in AI tools for the back-office, increase automation and release capacity

Requires zero technical effort and enables customers to do more with data and insights

3

Service Indicators

Prediction of future SLAs performance based on operational plans.
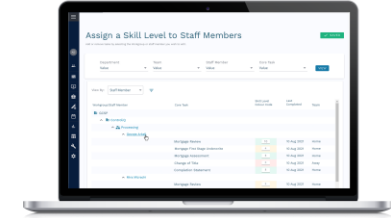
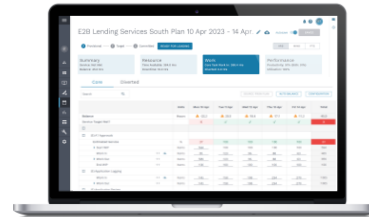**4** Available 2024

Smart Skills

An automated review of current skills performance and workload which highlights skills gaps based on predicted demand

3

Smart Planning

AI/ML automatically generated forecasts to enable more accurate plans and freeing time for every team leader
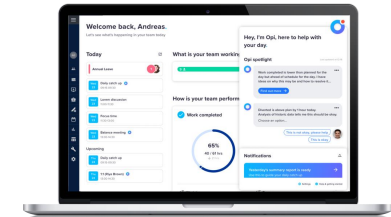
4 Available 2024

AOM Virtual Coach

AI/ML powered virtual assistant trained to provide real-time coaching using the AOM methodology

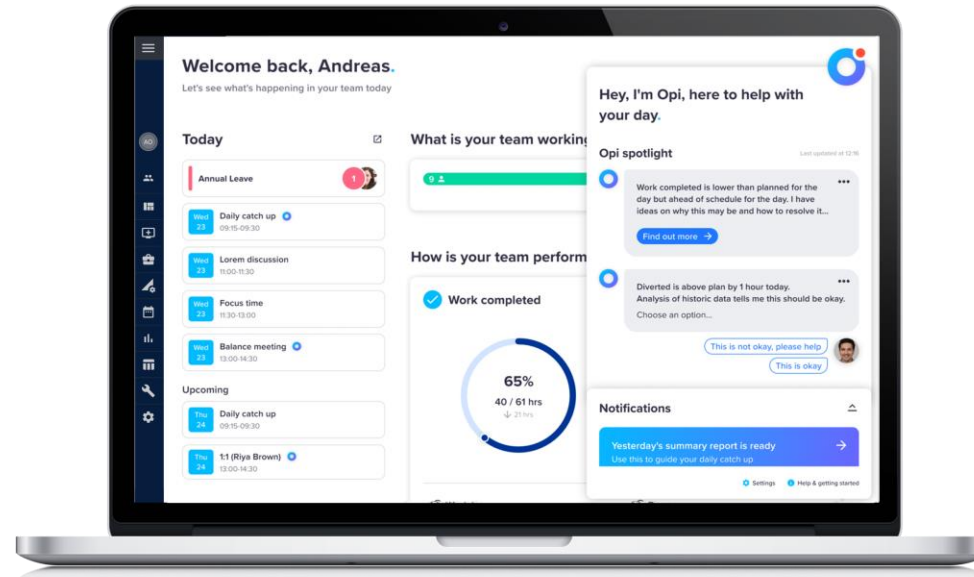# Investment in product creates multiple avenues for growth

Expansion into new user cases ▶

Expansion to enterprise engagements ▶

Transition to next Series ▶

▶ **+£900m ARR** in target sectors

▶ **+£90m ARR** in existing customers

▶ Clear opportunity

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Confident outlook

Current Trading and Outlook

- Trading in H2 in line with Board expectations
- Several significant expansion deals with banking customers
- Healthy pipeline of promising marketing qualified leads
- Launch of new products have been successful with significant interest in new and upcoming releases
- Confident in ARR growth rate acceleration
- Board confident for the remainder of the year and excited for the future

📈	Market conditions presents growing opportunity
⚠️	Highly applicable offering for challenging economic times
🌐	Differentiated offering and world class customer base
👥	Clearly defined target customers gives us focus
📈💲	Financially secure with strong balance sheet and high recurring revenue

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Questions?

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Solid Balance Sheet

AS AT:	SEPT 23	MAR 23
Non-Current Assets	**£6.6m**	**£6.5m**
Trade and Other Receivables	£4.6m	£6.4m
Cash and Cash Equivalents	**£9.9m**	**£15.4m**
Total Current Assets	**£14.5m**	**£21.8m**
Total Assets	**£21.2m**	**£28.3m**
Trade and Other Payables	(£0.2m)	(£1.5m)
Accruals and Deferred Income	(£11.5m)	(£17.3m)
Lease Liability - Current	(£0.1m)	(£0.1m)
Corporation tax payable	**(£0.2m)**	**(£0.1m)**
Current Liabilities	**(£12.0m)**	**(£19.1m)**
Lease Liability - Non-Current	**(£0.3m)**	**(£0.4m)**
Provisions - Non-Current	(£0.1m)	(£0.1m)
Deferred Tax	**(£0.8m)**	**(£0.9m)**
Non Current Liabilities	**(£1.2m)**	**(£1.4m)**
Total Liabilities	**(£13.2m)**	**(£20.4m)**
Net Assets	**£7.9m**	**£7.9m**
Total Equity	**(£8.0m)**	**(£7.9m)**

Strong cash position

Balance of £9.9m
(£12m as at 31 October 2023)

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ESG Update

Commitment to reporting

Following review, have added further elements of the Global Reporting Initiative ("GRI") framework to monitor impact on the environment, the satisfaction, equality and diversity of our staff. Continue to the Quoted Companies Alliance ("QCA") code

## Strong employee engagement with Culture, Diversity & Inclusion survey

We conducted a Culture and Diversity and Inclusion survey with a response rate of 79% and overall engagement score of 72% - providing an improved understanding across the business's different demographics which we can use as a basis for decision-making and helping improve the lives of our employees.

Carbon reduction target to be set next year

Environmental impact remains small, with data centres and travel remaining as the two main contributors to our carbon footprint. We intend to set carbon emissions reduction targets next year, once we have greater data available to us in order to do so in a meaningful manner
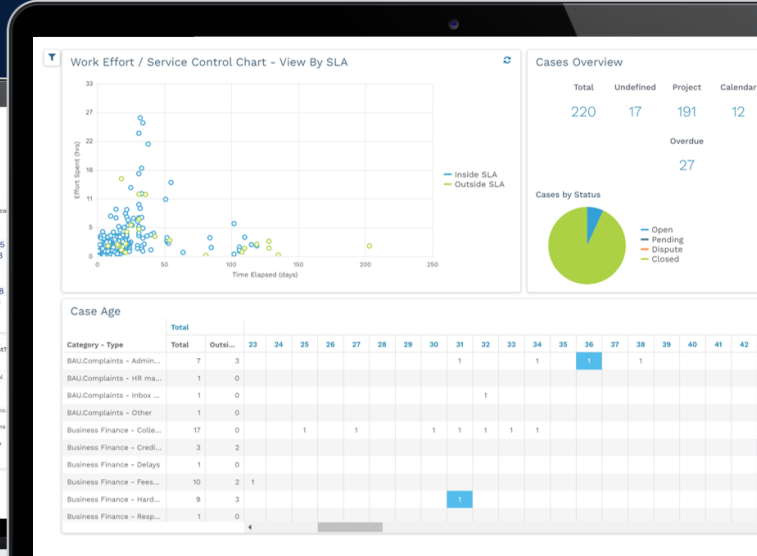
Robust compliance processes

We completed our SOC 2 compliance audit, which only further underscores our commitment to transparency and accountability
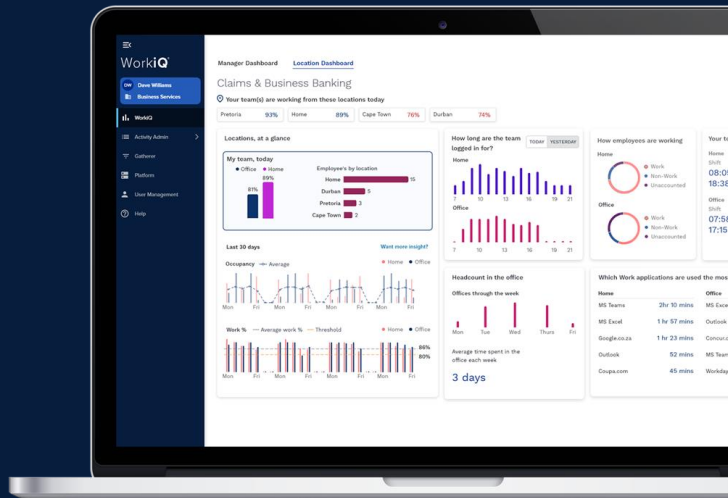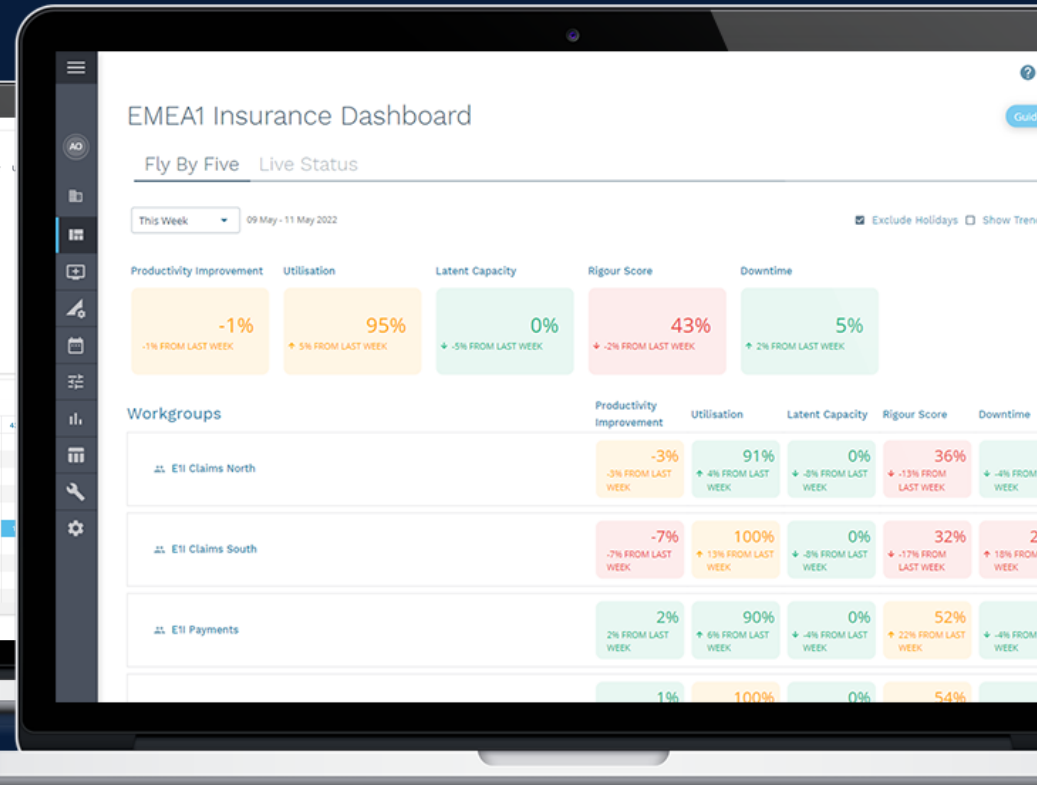
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Thank you.

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Richard.jeffery@activeops.coml

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Choose **More.** Choose ActiveOps®